

# Wayne Allard

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## ALLARD INTRODUCES "HOMEOWNERS REBATE ACT" BILL TO PROVIDE REBATES OF EXCESS PREMIUMS PAID BY FHA INSURED HOMEOWNERS

Washington, D.C. - U.S. Senator Wayne Allard announced today his introduction of the "Homeowners Rebate Act of 2000." Allard's bill would reduce the Federal Housing Administration (FHA) home ownership tax by providing rebates of excess premiums to FHA insured homeowners. Rebates of excess premiums were standard practice until 1990 when the program was suspended at the direction of Congress.

"The FHA home ownership program is extremely important for many first time and middle income home buyers who should not be overcharged in FHA premiums," Allard said. "Excess premiums can only be characterized as a tax on homeowners."

The FHA tax is the result of excess premiums paid by homeowners with FHA insured home mortgages. The FHA Mutual Mortgage Insurance Fund (MMI fund), which collects the mortgage insurance premiums, was mandated by Congress to have a capital reserve ratio of 2 percent by the year 2000 in order to ensure the solvency of the program. The Department of Housing and Urban Development (HUD) estimates that the reserve ratio will exceed 3.8 percent in fiscal year 2000.

"The MMI fund is estimated to reach nearly double the necessary amount to ensure the safety of the fund," Allard added. "Through improvements in the FHA program and a booming economy, the solvency of the MMI fund has been restored and it is time to reduce the tax burden placed on homeowners."

Allard's bill will restore rebates for mortgages insured for 7 years or more as long as the reserve ratio exceeds 3 percent (150% of the level mandated by Congress)

"FHA should not be making a profit from hard working families," Allard concluded. "It is time to reinstate the FHA rebate program and provide much needed tax relief to FHA insured homeowners."

Allard's legislation is cosponsored by Senate Banking Committee Chairman Phil Gramm. H.R. 4795, the House companion bill, is sponsored by Representative Rick Lazio (R-NY).